

Message Text

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44

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-11 NSAE-00 RSC-01

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FM AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: EFIN, OECD, AU

SUBJECT: OECD REVIEW OF INWARD FDI RESTRICTIONS

REF: (A) STATE 20051

(B) VIENNA A-680, DEC. 13, 1973

(C) USOECD A-19, JAN. 30, 1973

(D) VIENNA 8758, DEC. 15, 1972

(E) VIENNA A-614, NOV. 8, 1973

1. SUMMARY. AUSTRIA'S ATTITUDE TOWARDS INWARD FDI REMAINS SELECTIVE WITH PREFERENCE GIVEN TO HIGH TECHNOLOGY INVESTMENT FROM NON-GERMAN SOURCES. AREA THAT BEARS WATCHING IS RESTRICTIONS RELATING TO REAL ESTATE ACQUISITION AND LEASE OF LAND FOR DIRECT INVESTMENT PURPOSES.

2. AUSTRIAN ATTITUDE TOWARD FOREIGN DIRECT INVESTMENT IS SELECTIVE, AND DEPENDS ON TYPE AND ORIGIN OF FDI. HIGH TECHNOLOGY INVESTMENT IS GENERALLY WELCOME, BUT AUSTRIANS PREFER NON-GERMAN SOURCES TO AVOID A TOO-DOMINANT GERMAN ROLE IN AUSTRIAN ECONOMY. GOA IS
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RELUCTANT TO ISSUE ANY LICESES FOR BANKING AND INSUR-

ANCE BUSINESS IN ORDER PREVENT EXCESSIVE FOREIGN OWNERSHIP IN THESE SECTORS.

3. COMPETENCE TO ENACT LEGISLATION CONCERNING ACQUISITION, POSSESSION AND DISPOSITION OF REAL PROPERTY IN AUSTRIA BY FOREIGNERS IS ASSIGNED TO THE PROVINCES. LOCAL AUTHORITIES MAY IN FUTURE REQUIRE US NATIONALS TO OBTAIN PRIOR SPECIAL APPROVAL FOR ACQUISITION OF REAL PROPERTY. THERE IS GENERAL TENDENCY TO KEEP FOREIGNERS FROM ACQUIRING LAND OR APARTMENTS IN AUSTRIA. FOR DETAILS SEE REF (B). COPY BEING POUCHED TO USOECD.

4. EMBASSY AWARE OF ONLY ONE CURRENT SPECIFIC CASE IN WHICH AUSTRIANS OBSTRUCTING US DIRECT INVESTMENT. DIVERSICO INC. OF BEVERLY HILLS, CALIFORNIA, ACQUIRED SOMETIME AGO OPTION ON REAL ESTATE PROPERTY NEAR SALZBURG FOR CONSTRUCTION OF MOTEL FACILITIES. SITE IS LOCATED IN RESTRICTED AREA IN WHICH PERMISSION TO BUILD IS GRANTED ONLY IF PROJECT DECLARED BY PROVINCIAL AUTHORITIES TO BE IN "PUBLIC INTEREST." SALZBURG'S PROVINCIAL GOVERNMENT HAS REFUSED TO DECLARE THE AMERICAN PROJECT TO BE IN THE "PUBLIC INTEREST" AND THUS PROJECT CANNOT GO FORWARD. REFUSAL APPARENTLY PROMPTED BY PRIORITY ACCORDED TO SIMILAR BUT LATER DEVELOPED DOMESTIC PROJECT IN SAME AREA. THIS CASE PREVIOUSLY REPORTED, PARA 2B, REF (D), AND APPARENTLY RAISED IN GENERAL TERMS WITH AUSTRIA IN INVISIBLES COMMITTEE MEETING HELD JAN. 17, 1973 (REF C). NO OBJECTION TO RAISING IT AGAIN, SINCE CASE IS ONE WHICH MIGHT OCCUR IN SIMILAR SITUATIONS IN FUTURE.

5. EMBASSY HAS RECEIVED NO COMPLAINTS THAT AUSTRIAN INVESTORS HAVE BEEN ENCOUNTERING DIFFICULTIES IN MAKING FDI IN US. THUS, WE KNOW OF NO CASES WHICH GDA MAY RAISE. HUMES

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